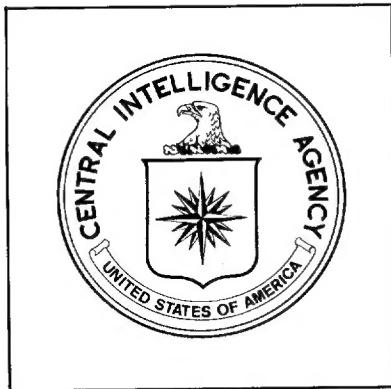
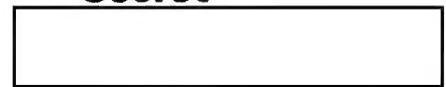


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STAFF NOTES:

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MIDDLE EAST – AFRICA – SOUTH ASIA

1. **What is the primary purpose of the study?**

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Ethiopia

Social and Economic Policies of Military Council

Since deposing Haile Selassie last September, Ethiopia's military rulers have made progress in dismantling the country's feudal order and eliminating the power of the old aristocracy and have set out on the difficult job of creating a new economic and social order. They have done so despite a separatist uprising in Eritrea and scattered armed dissidence in most of the other provinces. They have also faced bickering within the ruling military council and opposition to land reform from important parts of the armed forces.

The council is committed to revolutionary change and is aiming at a vaguely formulated "Ethiopian socialism." In its search for an indigenous socialist system, the council has not directly emulated any other country, although Yugoslavia's experience seems to be of particular interest.

Dominant Concern

The dominant concern of the military rulers right now is the improvement of the position of the impoverished rural majority. The economic program designed to secure this objective calls for the nationalization of all rural land and much of the modern parts of the economy. The program aims at a more equitable distribution of income and at increased government spending on development projects.

The social program seeks to introduce greater equality into Ethiopian society by eliminating the power of the landed nobility and the urban well-to-do,

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primarily through land reform. Education and health programs are designed to make their benefits more readily available to the less affluent, especially in the countryside.

These programs are still in their initial stages. The council has played down the most revolutionary part of its land reform program--the actual redistribution of land. Since land reform was announced in March, the council has been concentrating on the establishment of peasant associations that are to administer the reform. The redistribution phase is not due to begin until later this year, after the current crop is harvested.

Peasants who expect to benefit from land reform may have second thoughts when they learn that the council intends to establish collective farming rather than turn the land over to private owners.

Land reform and the other social and economic programs may not be sufficient to involve the peasant in the council's development process. Rural lethargy, superstition, and alienation from the central government are major obstacles still to be overcome.

Local insurrections led by landlords and former aristocrats opposed to the land program are continuing throughout the country, bringing destruction and death. Land reform has also created stress between the council and most armed forces units. Many officers and enlisted men alike oppose the program, which would deprive them of land grants promised them by the old regime when they joined up.

Preliminary reports indicate that land reform is having different effects on production in different areas. In some locales, planting and harvesting are proceeding apace. In others, farmers have held planting to a minimum because of uncertainty over the disposition of their crops. Most Ethiopians concerned with agricultural matters expect the reform measures to lead to a decline in production.

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The council last week followed up its rural land reform program by announcing an urban land reform. Almost all urban property will be nationalized under its terms. Individuals and families will be allowed to own only one house and about one-eighth acre of land.

Private owners will be forbidden to earn rent from urban land or houses after August 7. On that date all agreements between landlords and tenants will be terminated. City dwellers associations, headed by government officials, will be established and given authority to collect rents.

Urban land nationalization more directly threatens the economic interests of the politically potent Ethiopian middle class than any of the council's previous policies. The proclamation will further alienate many military officers who own urban property.

The council had earlier nationalized all banks, insurance companies, and 72 industrial firms. The nationalization program has gone smoothly enough and has not yet reduced output significantly. It has cost Ethiopia foreign capital and expertise, and the new supervisors appointed to most of the nationalized firms lack the necessary managerial skills.

The business community lacks confidence in the council's leadership. Private investment has virtually ended. Uncertainty and fear of further nationalization are inhibiting the import of ordered goods; foreign suppliers are insisting on irrevocable letters of credit.

Private Enterprise

Business confidence and morale will stay depressed until the council clarifies its intentions

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toward private enterprise and issues its promised investment code. Foreign exchange reserves are high and will help cushion the impact of the economic downturn.

Some urban entrepreneurs have supported the regime either because they have enjoyed greater personal opportunities or because they are convinced the council's policies are right for Ethiopia. Unskilled workers have supported the regime because it has provided them jobs and kept prices for commodities at reasonable levels.

The council has also curbed corruption, increased tax collections, and imposed new, progressive taxes.

The council has been flexible in applying some of its policies. It quietly stopped enforcing price controls that had created serious shortages in some foodstuffs. Early this month the council modified a proclamation regarding government control of mineral exploration. The revised policy opens some prospecting to foreign private capital investment.

Aside from land reform, the council's most ambitious program to bring change to the countryside is the "development through cooperation" program. Since late 1974, about 50,000 students have been sent to the countryside to teach reading and writing and to instruct the peasants in digging wells, building public facilities, and improving farming methods.

The campaign has been successful in some areas, particularly in the southern provinces, but has been a failure in others. Violence directed by and against the students has been one of the most notable features.

Some students have been harassed by peasants who resent their intrusion. Other students have

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incited the peasants to seize land from the landowners. Clashes involving the students, landlords, and security forces have resulted in numerous deaths.

The limited accomplishments of the program have not justified its cost or the disruption to the students' lives. Student dissatisfaction with the program is increasing because of the council's failure to set a date for ending their service in the countryside.

Better Administration

In order to carry out its new policies and programs, the council has attempted to improve governmental administration. It has sought better-qualified civil servants for local administrative positions and for key posts in the central ministries. The civil servants, however, complain of a lack of authority and clear guidelines, and they are reluctant to make decisions for fear of offending the council.

The council itself attempts to operate by consensus, a difficult and time-consuming undertaking. Once a course of action has been decided on, the council is able to implement projects faster than the old regime, but it frequently acts without sufficient consideration of the consequences; medium and long-term planning is less evident now than before.

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Afghanistan

Anti-government Incidents

Anti-government violence this past week in several places in Afghanistan was apparently timed to coincide with the celebration of the second anniversary of the coup that put President Mohammad Daoud Khan in power.

The most serious incident, a skirmish in which several were killed, apparently began on July 22 in a valley about 100 miles northeast of Kabul. Army units had to be called in, and order was not restored until July 25.

Government forces, after interrogating some prisoners, most of whom were students from Kabul University, announced that the dissidents were "reactionaries" and that they belonged to one of several terrorist groups armed and trained in Pakistan.

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[redacted] violence in the valley was the result of popular dissatisfaction with the government's attempt to control the local economy [redacted] blame on agitation by conservative religious leaders, who have long opposed Daoud, or on the revival of a local dispute between the predominantly Tajik population of the area and the ruling Pushtuns.
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The occurrence of some half dozen attacks against government installations in other locations during the same period of time, however, tends to support the view that small sabotage units have been working according to a coordinated plan. Whether or not these groups have been trained and supported by Pakistan, the Afghan government is likely to use the incidents and reported confessions to renew propaganda charges against Pakistan [redacted]

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